2021 Global Shared Services and Outsourcing Survey Report
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Foreword

Service delivery models are always evolving. For the world’s largest companies, there’s an increasing shift to leverage global, multifunctional, and virtual or remote models, especially driven by learnings from COVID-19. These organizations are prioritizing areas across work, workforce, and workplace to be successful in furthering the value which shared services and outsourcing models bring: increasing efficiency, reducing costs, and driving greater business value. Apart from expanding the traditional functional scope, they are developing specialized capabilities such as analytics, reporting, digital, and enhancing the customer experience. These shared and global business services (GBS) constructs are creating an environment where new capabilities can be rapidly adopted to position their customers for success.

Organizations are changing the way they look at talent, incorporating diversity within their leadership, driving better employee experience and culture, and focusing on work/life balance and flexible practices as key strategies for retaining talent.

Overall, what’s clear is that shared services centers (SSCs) and GBS model’s are increasingly evolving and adapting effectively to rapidly changing geopolitical conditions (e.g., COVID-19 and Brexit) as they seek to provide nimble and value-added services, a better customer experience, and high-impact business outcomes.
2021 survey witnessed record participation

~600 respondents—a 58% increase from 2019

Survey had responses from leaders in 45 countries, with SSC locations across ~75 different countries

Survey included leaders based not only in parent organizations, but also in SSC organizations across global center

About 56% of the respondents represented companies that had at least $5B in revenue

Consumer and energy, resources, and industrial products showed leading participation, contributing more than 50% of respondents

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>29%</td>
</tr>
<tr>
<td>Retail and consumer products</td>
<td>15%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>10%</td>
</tr>
<tr>
<td>Automotive</td>
<td>4%</td>
</tr>
<tr>
<td>Energy, resources, and industrial products</td>
<td>29%</td>
</tr>
<tr>
<td>Industrial products</td>
<td>15%</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>10%</td>
</tr>
<tr>
<td>Power</td>
<td>4%</td>
</tr>
<tr>
<td>Technology, media, and telecom</td>
<td>13%</td>
</tr>
<tr>
<td>Technology</td>
<td>9%</td>
</tr>
<tr>
<td>Telecom and media</td>
<td>4%</td>
</tr>
<tr>
<td>Life sciences and health care</td>
<td>13%</td>
</tr>
<tr>
<td>Life sciences</td>
<td>9%</td>
</tr>
<tr>
<td>Health care</td>
<td>4%</td>
</tr>
<tr>
<td>Financial services</td>
<td>11%</td>
</tr>
<tr>
<td>Banking</td>
<td>11%</td>
</tr>
<tr>
<td>Insurance</td>
<td>3%</td>
</tr>
<tr>
<td>Real estate</td>
<td>3%</td>
</tr>
<tr>
<td>Government and public services</td>
<td>4%</td>
</tr>
<tr>
<td>Government, incl. higher education</td>
<td>4%</td>
</tr>
</tbody>
</table>
Key findings

Key themes from this year’s survey

Functions and capabilities scope

- Finance, HR, and IT remain as the top three functions performed in shared services centers across industries and continue to grow “upstream”... and they have moved beyond the back office to include more specialized industry areas.
- GBS footprint for procurement and customer service and call centers has increased the most since 2019.
- GBS organizations are looking at implementing capabilities such as analytics, process excellence, program management, reporting, and RPA.

Benefits

- Organizations are beginning to realize greater benefits from RPA implementation, with 20% realizing between 20% and 40% savings (up from 9% in 2019).
- Process efficiency and standardization has overtaken cost reduction as a primary objective for investing in GBS, and more organizations have adopted the digital agenda.
- Cost reduction and process efficiency and standardization have been the most tangible and attainable benefits achieved.

Organization structure and talent

- Multifunctional (more than three functions) continues to be the most prevalent SSC model across industries.
- Organizations are increasingly emphasizing development of strong culture, well-being, and flexible work practices in the fight for talent, with financials being table stakes.
- Contingent workforces, part-time employees, and remote work practices remain the top three nontraditional talent model.

Future of GBS

- Building analytics and reporting capabilities in order to position GBS to drive higher value.
- Enhancing the focus on better customer experience with user-centric design and self-service capabilities.
- Furthering savings achieved through RPA and automation by employing more coordinated, less siloed approaches.
- Shifting workplace and workforce strategy to more hybrid delivery models with a focus on developing virtual/remote work strategies and leveraging location agnostic hiring.
Key attributes of successful GBS organizations

More than 50% of organizations are achieving their objectives. These successful GBS organizations are:

**Implementing both shared services and outsourcing models**
- ~65% of successful organizations include outsourcers in their delivery model

**Incorporating diversity into their leadership roles**
- >80% have about a third of their leadership team composed of minorities and women

**Embracing digital transformation as a strategic agenda**
- 72% have implemented RPA
- 55% have a single-instance ERP
- 53% have cloud/AWS

**Adopting new approaches to talent**
- 67% are building continuous improvement and innovation into talent programs
- 59% are leveraging contingent workers

**Multifunctional in scope, with Finance the most commonly implemented in SSCs**
- 94% Finance
- 57% HR
- 54% Procurement
- 52% IT
Scope and capabilities
How many functions are performed and what is the preferred governance model?

- **Multifunctional organization** continue to be most prevalent within the survey, with ~82% of total SSCs supporting three or more functions; this trend remains consistent for all organizations, irrespective of revenue size.
- Organizations that established their SSCs in earlier years (1991–2000) prefer a hybrid governance model, which has remained a preferred model, while other models like multifunctional leader across SSC and landlord-tenant model have also gained traction in organizations that established SSCs in later years (2001 onward).
What percentage of the total FTEs (approximately) are located in the local business, at corporate, or in a GBS model?

<table>
<thead>
<tr>
<th>Function</th>
<th>Local business</th>
<th>Corporate</th>
<th>GBS (Outsourcing and shared services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>8%</td>
<td>12%</td>
<td>80%</td>
</tr>
<tr>
<td>Customer service or contact center</td>
<td>11%</td>
<td>17%</td>
<td>73%</td>
</tr>
<tr>
<td>Real estate and facilities management</td>
<td>19%</td>
<td>14%</td>
<td>67%</td>
</tr>
<tr>
<td>Information technology</td>
<td>21%</td>
<td>13%</td>
<td>65%</td>
</tr>
<tr>
<td>Finance</td>
<td>18%</td>
<td>21%</td>
<td>60%</td>
</tr>
<tr>
<td>Tax</td>
<td>26%</td>
<td>16%</td>
<td>58%</td>
</tr>
<tr>
<td>Procurement</td>
<td>21%</td>
<td>27%</td>
<td>52%</td>
</tr>
<tr>
<td>Human resources</td>
<td>23%</td>
<td>28%</td>
<td>49%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>41%</td>
<td>28%</td>
<td>47%</td>
</tr>
<tr>
<td>Supply chain and manufacturing support</td>
<td>15%</td>
<td>38%</td>
<td>48%</td>
</tr>
<tr>
<td>Legal</td>
<td>41%</td>
<td>15%</td>
<td>44%</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>28%</td>
<td>36%</td>
<td>35%</td>
</tr>
</tbody>
</table>

- SSCs or outsourcing is most leveraged by the payroll function, followed by the customer service or contact center function, which was the highest in 2019.
- Customer service or contact centers and Procurement have each increased about 10% from 2019.
- Usual suspects of IT, Finance, Tax, and HR continue to grow year over year.
What functions are performed by both SSCs and outsourcing providers?

Different industries are now delivering specialized focused capabilities. Examples include:

**Consumer**
- Manufacturing and plant accounting
- Asset protection and retail loss intelligence

**Energy, resources, and industrials**
- Product engineering
- Health, security, environment, and quality

**Financial services**
- Claims
- Anti-money laundering

**Life sciences and health care**
- Clinical trials
- Medical management

**Technology, media, and telecom**
- Manufacturing and plant accounting
- Operationalized transfer pricing

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1 Organizations responding to this question are primarily shared service center-focused.
What are the capabilities implemented or planned to be implemented in GBS organizations?

- **RPA and automation**, **reporting**, and **process excellence** are now part of at least 50% of GBS organizations.
- **Reporting, analytics, customer experience**, and **user-centric design** are the top capabilities that GBS organizations are looking to invest in.
• More than 50% of GBS organizations have either implemented or are planning to implement customer experience and user-centric design as a capability
• Of the 31% respondents who indicated "lack of self-service" as a top challenge, only 29% listed "self-service" as a solution that they have employed in their organizations
• Organizations are proactively taking steps to drive a better customer experience through customer surveys, alignment of service levels to goals, and increased visibility from SSC to business
• A quarter of organizations did not identify any challenges for their end users in interacting with their centers
Talent models
How do you attract and retain talent in SSCs and GBS, and what nontraditional talent models have you considered?

**What are the nontraditional talent models within shared services?**

<table>
<thead>
<tr>
<th>Model</th>
<th>Have implemented</th>
<th>Planning to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract or contingent</td>
<td>57%</td>
<td>9%</td>
</tr>
<tr>
<td>Location-agnostic hiring</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>Part-time</td>
<td>42%</td>
<td>13%</td>
</tr>
<tr>
<td>Gig worker</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Crowdsourcing of work</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

- **Development of strong culture, well-being, and flexible work practices** continue to be top priorities in talent strategies, with financial incentives being table stakes.
- Respondents also reported practices like **job rotation outside of SSC, job-sharing, and multifunction opportunities** to retain talent.
- A majority of respondents (in line with 2019 survey) have considered **alternative talent models**.
- A majority of respondents indicated that they have already implemented **contract and contingent workers in their organization**, an increase from 2019 survey, where 42% of respondents indicated that it was a preferred model.
How have you prepared the retained organization for talent and management changes when shifting work to a GBS model?

- Define new organization strategy (full transformation): 58%
- Conduct training: 53%
- Control cascade programming of comms to local affected teams: 42%
- Shift associates to other functions within the company: 42%
- Provide target headcount reduction: 37%
- Reevaluate job levels: 36%
- Provide retention bonuses: 30%
- Require associates to reapply for remaining retained positions: 17%

* A clearly defined organization strategy, trainings for upskilling, and monetary incentives are some of the leading methods implemented by organizations to retain talent in the retained organization.
Geography
What are preferred locations for SSCs (based on industry)?

<table>
<thead>
<tr>
<th>Industry</th>
<th>Decreasing order of preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>India, United States, Poland</td>
</tr>
<tr>
<td>Energy, resources, and industrial products</td>
<td>India, United States, China</td>
</tr>
<tr>
<td>Financial services</td>
<td>India, United States, Poland</td>
</tr>
<tr>
<td>Life sciences and health care</td>
<td>United States, India, Costa Rica</td>
</tr>
<tr>
<td>Telecom, media, and entertainment</td>
<td>India, United States, Philippines</td>
</tr>
</tbody>
</table>

- **India** continues to be the top preferred location across most industries.
- While not making the top list, **Portugal** and **Lithuania** continue to receive attention and secure GBS investments.
- **Hungary**, although an established hub, is a new entrant in the top 10.
- **Colombia**, previously ranked in the top 10 in 2019, continues to see interest, but has dropped from the list in 2021.
What role will remote or hybrid models play in the future of GBS location strategy?

Which model is being considered for your shared services organization for the next three to five years as we emerge from COVID-19?

- Mostly remote: 14%
- Hybrid: 73%
- Brick-and-mortar: 9%
- Unknown: 3%

Which model is being considered by your outsourcing organization for the next three to five years as we emerge from COVID-19?

- Mostly remote: 24%
- Hybrid: 16%
- Brick-and-mortar: 42%
- Unknown: 19%

Definitions

- **Brick-and-mortar** – organization working in physical buildings four to five days a week
- **Hybrid** – organization centered around an office or hub and required to come in two to three days a week
- **Mostly remote** – In-office only a few days a month (predominantly work from home)
- **Fully virtual** – 100% virtual or work from home and not centered around a physical office or city, leveraging talent agnostic of location
Future of GBS
What are the objectives of investing in GBS and SSC capabilities, and what has been achieved?

- Standardization and efficiency jumped ahead of reducing costs as an objective this year
- Respondents considered standardization and efficiency of processes as the top factor, compared with achieving speed from previous iterations of the survey
- "Reducing cost" and "driving business value" follow closely and have remained immediate and tangible benefits of establishing an SSC

<table>
<thead>
<tr>
<th>Objective achieved</th>
<th>Objective identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>88%</td>
<td>78%</td>
</tr>
<tr>
<td>84%</td>
<td>88%</td>
</tr>
<tr>
<td>73%</td>
<td>63%</td>
</tr>
<tr>
<td>61%</td>
<td>54%</td>
</tr>
<tr>
<td>59%</td>
<td>67%</td>
</tr>
<tr>
<td>36%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Most organizations are able to achieve their identified objectives.
What are the key transformation enablers employed by GBS organizations?

<table>
<thead>
<tr>
<th>2019 ranking</th>
<th>2021 key enablers</th>
<th>Focus areas in next one to three years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Robotic process automation</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Global standard processes</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Single-instance ERP</td>
<td>Increase from 2019</td>
</tr>
<tr>
<td>1</td>
<td>Cloud-to-cloud (i.e., AWS)</td>
<td>Decrease from 2019</td>
</tr>
<tr>
<td>-</td>
<td>Service enablement for case management (e.g., ServiceNow)</td>
<td>New addition from 2019</td>
</tr>
<tr>
<td>7</td>
<td>Instilling a culture of innovation</td>
<td>No change in rank</td>
</tr>
<tr>
<td>6</td>
<td>Self-service</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Centralized analytics reporting</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>Virtual assistant (chatbots, conversational AI, etc.)</td>
<td></td>
</tr>
</tbody>
</table>

- Over the years, **RPA has remained the most desirable digital enabler** for GBS organizations and is expected to be the key focus area in next one to three years.
- **Cloud as an enabler** has moved from first position in 2019 to fourth position in 2021; **47% of respondents whose No. 1 focus area is RPA already have cloud**.
- Innovation, self-service, and analytics and reporting have risen as focus areas in the next one to three years.
What are the savings and challenges of RPA implementation?

Based on your robotics process automation (RPA) experience thus far, what level (%) of savings have been achieved?

- >40% savings: 7% (2021), 11% (2019)
- 20–40% savings: 20% (2021), 9% (2019)
- 10–20% savings: 27% (2021), 27% (2019)
- <10% savings: 46% (2021), 53% (2019)

What are the biggest challenges you face today with deploying automation?

- Process and technical complexity: 43%
- Siloed automation: 41%
- Define ownership of automation: 30%
- Difficulty scaling up from initial successes: 30%
- Unorganized approach to automation: 28%
- Difficulty identifying processes for automation: 28%

- 70% of respondents who have achieved greater than 40% savings through RPA have also employed single-instance ERP
- Most respondents (62%) stated that RPA capabilities are owned either by IT or the SSCs; 15% state that RPA ownership is fragmented across business units
- For respondents who achieved less than 10% savings, their biggest challenges were siloed automation and process technical complexity
Future of GBS

How are current geopolitical events affecting the path forward for organizations?

As a result of COVID-19, what’s been the greatest impact on your plans for the next two to five years?

- Expanded work-from-home capabilities: 87%
- Digital agenda acceleration: 61%
- Additional virtual practices: 59%
- Focus on cost reduction: 36%
- Revamp business continuity plans: 35%
- Location-agnostic recruiting: 26%
- Increased shared services and outsourcing: 26%
- Location diversification: 16%

Are you planning to backshore in the next one to three years, and if yes, why?

- No: 80%
- Yes: 20%

Respondents selected one or more of the following reasons for backshoring:

- Low-quality service: 53%
- Enhance control: 49%
- Savings not realized: 32%
- Culture: 21%
- Political climate: 7%

- Due to the impact of COVID-19, a majority (87%) of organizations are focusing on expanding remote working capabilities to ensure business process continuity.
- Accelerating digital agenda (61%) and increasing virtual practices (59%) are other key areas of focus.
Conclusion

GBS organizations are prioritizing areas across work, workforce, and workplace to drive impact and value

Build analytics and reporting capabilities
A significant proportion of organizations plan to increase traction in reporting and analytics (including predictive, customer, regulatory, and stress testing), where GBS is well-positioned to drive value

Further savings achieved through RPA and automation
As RPA and automation remains a priority, GBS organizations can increase savings by simplifying the processes and technology and employing a more coordinated, less siloed approach

Incorporate flexibility and well-being practices in the fight for talent
In a competitive talent environment, retention strategies are emphasizing development of strong culture, well-being, and flexible work practices, with financials being table stakes

Enhance focus on better customer experience
With more expectations on providing better customer experience, GBS organizations will be looking to build user-centric design and self-service capabilities

Shift delivery models to be more remote and virtual
As model shifts to be less focused on location, organizations plan to develop more virtual and remote work strategies and leverage location-agnostic hiring to get the benefits of increased productivity and reduced costs
<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Keany</td>
<td>Partner</td>
<td><a href="mailto:rkeany@deloitte.com.au">rkeany@deloitte.com.au</a></td>
</tr>
<tr>
<td>Justine Waddick</td>
<td>Partner</td>
<td><a href="mailto:jwaddick@deloitte.com.au">jwaddick@deloitte.com.au</a></td>
</tr>
<tr>
<td>Paul Wensor</td>
<td>Partner</td>
<td><a href="mailto:pwensor@deloitte.com.au">pwensor@deloitte.com.au</a></td>
</tr>
<tr>
<td>Amrish Bhatia</td>
<td>Partner</td>
<td><a href="mailto:amrishbhatia@deloitte.com.au">amrishbhatia@deloitte.com.au</a></td>
</tr>
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<td>Laura Rennie</td>
<td>Partner</td>
<td><a href="mailto:larenniej@deloitte.com.au">larenniej@deloitte.com.au</a></td>
</tr>
<tr>
<td>Kate McLean</td>
<td>Partner</td>
<td><a href="mailto:kamclean@deloitte.com.au">kamclean@deloitte.com.au</a></td>
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<tr>
<td>Allan Mills</td>
<td>Partner</td>
<td><a href="mailto:allmills@deloitte.com.au">allmills@deloitte.com.au</a></td>
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